

**COMMONWEALTH OF MASSACHUSETTS
DEPARTMENT OF TELECOMMUNICATIONS AND ENERGY**

D.T.E. NO. 01-20

REQUEST: Department of Telecommunications and Energy Information Requests to
AT&T Communications of New England, Inc.

DATE: August 15, 2001

DTE-ATT 1-1: Refer to p. 23 fn. 24 of the Turner Testimony. Explain in detail why a
seven year period is the appropriate period to calculate net present value.
Respond to Sprint's utilization of a 5 year period for calculating NPV
(see Sprint's Rebuttal Testimony, at p. 27.).

Respondent: S. Turner

RESPONSE: As footnote 24 explains, if Mr. Turner had chosen a much longer period,
the effect of the recurring charges in the total net present value would
have become so significant as to overwhelm the effect of the
nonrecurring charges in the total. The reverse holds true if Mr. Turner
had selected a much shorter time period – the nonrecurring effect would
have overwhelmed the recurring effect. In short, Mr. Turner selected
seven years to attempt to balance the impact of both nonrecurring and
recurring charges in the resulting net present value.

The five-year period that Sprint recommends can also be used, but places
a higher level of emphasis on the nonrecurring charges (as compared to
the recurring charges) simply by virtue of how present value calculations
are made.

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DTE-ATT 1-2: Refer to p. 24 fn 26 of the Turner Testimony.

- a) What are the actual gap percentages that are listed as 0%?
- b) Explain why AT&T does not utilize the actual gap percentages for those items listed as 0%.
- c) If AT&T were to use the actual gap percentages, what is the net gap difference between a collocation arrangement under the current tariff and for the collocation prototype?

Respondent: S. Turner

RESPONSE:

- (a) The gap percentages that are listed as 0% represent areas where the Verizon-MA cost study produces a lower cost than is presented in the Verizon-MA collocation tariff. The attachment to this response provides the actual spreadsheet Mr. Turner used to calculate the percentages found in his testimony. This spreadsheet does not calculate percentages lower than 0.00%; however, the spreadsheet can be easily modified to produce these results. When modified, the following table summarizes the actual gap percentages that were previously listed as 0.00%:

| Rate Element | Testimony Gap | Actual Gap |
|---------------------------------|---------------|------------|
| Cable Racking | 0.00 | 0.00 |
| Voice Grade Circuits | 0.00 | (5.94) |
| DS1 Circuits | 0.00 | (3.59) |
| DS3 Circuits | 0.00 | (33.85) |
| Security Access | 0.00 | 0.00 |
| Entrance Fiber Structure Charge | 0.00 | (0.30) |

- (b) The purpose for the table was to identify where Verizon-MA had significantly increased costs for collocation above those presently contained in Verizon-MA's collocation tariff. If Mr. Turner had included those areas where Verizon-MA had reduced costs in the development of these percentages, it would have caused the denominator in Mr. Turner's calculation to be artificially smaller, thereby overstating the percentages. In other words, if Mr. Turner had included the areas where Verizon had reduced costs in the denominator, it would have made more areas appear to represent significant increases.
- (c) The net gap in the prototype collocation arrangement Mr. Turner presented is \$93,422.47 or a percentage increase of 25.33 percent. This information can be developed from Attachment to this response.

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DTE-ATT 1-3: Refer to pp. 40 and 49 of the Turner Testimony.

a) What are the efficient engineering practices for the deployment of BDFB within CO's? Provide a copy of these practices.

b) Identify and explain any and all practices employed by Verizon in its deployment of BDFBs within central offices that are inconsistent with these practices?

Respondent: S. Turner

RESPONSE:

- (a) In general, BDFBs will be placed centrally to the equipment that the BDFBs are being used to distribute power to. In essence, BDFBs are placed strategically so that there will be one large (and relatively expensive) power cable run made from the power plant to the BDFB that will carry a high level of amperage so that the telecommunications equipment can then be served by many shorter (and relatively less expensive) power cable runs with lower amperage off of the BDFB. BDFBs are placed throughout the central office normally at the end of equipment lineups and normally close to building columns. In Mr. Turner's experience both in reviewing incumbent engineering guides, touring numerous central offices, and participating in DC power engineering projects, the cabling distance between the BDFB and the subtending equipment is approximately 35 to 45 feet on average.

The engineering documents that document the engineering requirements for the placement of BDFBs are documents that all incumbent LECs have as part of their engineering guidelines for

central offices. Mr. Turner has asked for and received this information from other incumbent LECs. However, Verizon was asked to provide this documentation and did not do so in response to AT&T Discovery Request No. 5-2(K). The information that Mr. Turner has seen in other states was viewed subject of proprietary agreements. As such, Mr. Turner is unable to provide the DTE Staff with a copy of these practices. However, Mr. Turner's experience in reviewing these documents, touring numerous central offices, and working with DC power engineering fully supports the response provided above and the conclusions reached in Mr. Turner's testimony.

- (b) Verizon did not provide its practices in response to AT&T Discovery Request No. 5-2(K). However, as explained in Mr. Turner's testimony, the cabling distances used by Verizon in developing the cost for DC Power Distribution are entirely inconsistent with the efficient placement of BDFBs throughout the central office.

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DTE-ATT 1-4: Refer to pp. 42-44 of the Turner Testimony.

a) Are the installation jobs referenced comparable to the installation jobs which are the basis of Verizon's cost studies? If not, what adjustments are necessary so that a proper comparison can be made?

b) Does AT&T have any experience with installation of DC power plants in Massachusetts? If so, provide documentation of the installation costs.

Respondent: S. Turner

RESPONSE:

(a) Yes. The installation jobs referenced in Mr. Turner's testimony are comparable to comprehensive DC power installation jobs that Verizon would perform in its central offices. However, Verizon did not use comprehensive DC power installation jobs in the development of its in place factor for DC power equipment and did not provide invoices AT&T requested for the comprehensive installation of DC power equipment in Massachusetts.

(b) AT&T is in the process of gathering the requested information.

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DTE-ATT 1-5: Refer to p. 55 of the Turner Testimony. Describe in detail the impact of adopting the cost structure proposed by Verizon without any transition period.

Respondent: S. Turner

RESPONSE: There would be several negative impacts. CLECs in Massachusetts have been operating under a structure where Verizon was charging *recurring* rates for interconnection arrangements that were *in service*, meaning they are being used by the CLEC to provide service. Verizon is proposing to move to a structure where Verizon will charge mostly a *nonrecurring* charge for all interconnection arrangements that are *ordered*, meaning that the CLEC will pay for all interconnection arrangements – even those that it is not using. There are two obvious problems from this change. *First*, due to the nature of the existing system, CLECs may have ordered large numbers of interconnection arrangements that they are not using and consequently could be liable to a large nonrecurring charge for the interconnection arrangements that it ordered in the past, but has not yet placed into service. Mr. Turner does not have a problem with the nonrecurring nature of this proposed change by Verizon (Mr. Turner has proposed the same structure in other states); the problem arises in a situation like the present where Verizon is attempting to change the rules in midstream. To avoid the problems this causes, there either needs to be a “grandfathering” of the existing interconnection arrangements or Verizon needs to work out a transitional plan with the CLECs. *Second*, there are many interconnection arrangements for which CLECs may have been using a paying a large recurring charge during the past few years, to the extent that Verizon has already been completely compensated and the nonrecurring charge that Verizon is now proposing would be wholly inappropriate. Verizon has not indicated how it will handle situations

where the CLEC has already paid a considerable sum for the interconnection arrangements and whether there will be true-up mechanisms in the other direction for these interconnection arrangements that have been in service.

Verizon made this same modification of the cost recovery structure in its Verizon-South states, but worked with the CLECs in those states over a several month period to transition between the two plans, both in terms of how existing interconnection arrangements would be paid for in the future, and by allowing CLECs an opportunity to determine which interconnection arrangements they would need in the future given that Verizon would now be charging for all of them – not just the ones in service. Verizon has not proposed such a transitional plan in Massachusetts. Moreover, without such a transitional plan, Verizon will be left with too much discretion and could easily cause damages to the CLECs, as discussed above.